



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB4830

by Rep. Karen May

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/367e

from Ch. 73, par. 979e

Amends the Illinois Insurance Code. Provides that an employee or member or the eligible dependent of an employee or member is eligible for continuing coverage under a group insurance policy for up to 12 months (instead of 9 months) after the date the employee's or member's insurance under the policy would otherwise have terminated because of termination of employment or membership or reduction in hours below the minimum required by the group plan. Provides that employer must give written notice of the employee's option to elect continuation coverage directly to the employee or send the notice to the employee via certified mail within 10 days after the employee's termination or reduction in hours below the minimum required by the group plan. Provides that an employee or member who wishes continuation of coverage must request such continuation in writing within the 30 day (instead of ten-day) period following the later of: (i) the date of such termination or reduction in hours below the minimum required by the group plan, or (ii) the date the employee is given written notice of the right of continuation by either the employer or the group policyholder. Provides that the written notice provided to an employee must include an explanation that his or her option for continuation coverage will expire within the 30 day period following the later of (i) the date of such termination of employment or reduction in hours below the minimum required by the group plan, or (ii) the date the employee is given written notice of the right of continuation by either the employer or group policyholder. Provides that any employer who fails to provide the notice required in the provision is guilty of a petty offense and shall be fined \$500. Effective immediately.

LRB095 17861 KBJ 43941 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Section 367e as follows:

6 (215 ILCS 5/367e) (from Ch. 73, par. 979e)

7 Sec. 367e. Continuation of Group Hospital, Surgical and  
8 Major Medical Coverage After Termination of Employment or  
9 Membership. A group policy delivered, issued for delivery,  
10 renewed or amended in this state which insures employees or  
11 members for hospital, surgical or major medical insurance on an  
12 expense incurred or service basis, other than for specific  
13 diseases or for accidental injuries only, shall provide that  
14 employees or members whose insurance under the group policy  
15 would otherwise terminate because of termination of employment  
16 or membership or because of a reduction in hours below the  
17 minimum required by the group plan shall be entitled to  
18 continue their hospital, surgical and major medical insurance  
19 under that group policy, for themselves and their eligible  
20 dependents, subject to all of the group policy's terms and  
21 conditions applicable to those forms of insurance and to the  
22 following conditions:

23 1. Continuation shall only be available to an employee

1 or member who has been continuously insured under the group  
2 policy (and for similar benefits under any group policy  
3 which it replaced) during the entire 3 months period ending  
4 with such termination or reduction in hours below the  
5 minimum required by the group plan.

6 2. Continuation shall not be available for any person  
7 who is covered by Medicare, except for those individuals  
8 who have been covered under a group Medicare supplement  
9 policy. Neither shall continuation be available for any  
10 person who is covered by any other insured or uninsured  
11 plan which provides hospital, surgical or medical coverage  
12 for individuals in a group and under which the person was  
13 not covered immediately prior to such termination or  
14 reduction in hours below the minimum required by the group  
15 plan or who exercises his conversion privilege under the  
16 group policy.

17 3. Continuation need not include dental, vision care,  
18 prescription drug benefits, disability income, specified  
19 disease, or similar supplementary benefits which are  
20 provided under the group policy in addition to its  
21 hospital, surgical or major medical benefits.

22 4. Upon termination or reduction in hours below the  
23 minimum required by the group plan written notice of  
24 continuation shall be presented to the employee or member  
25 by the employer or mailed by the employer to the last known  
26 address of the employee. This written notice must be given

1       directly to the employee or sent via certified mail within  
2       10 days after the employee's termination or reduction in  
3       hours below the minimum required by the group plan. An  
4       employee or member who wishes continuation of coverage must  
5       request such continuation in writing within the 30  
6       day~~ten day~~ period following the later of: (i) the date of  
7       such termination or reduction in hours below the minimum  
8       required by the group plan, or (ii) the date the employee  
9       is given written notice of the right of continuation by  
10      either the employer or the group policyholder. In no event,  
11      however, may the employee or member elect continuation more  
12      than 60 days after the date of such termination or  
13      reduction in hours below the minimum required by the group  
14      plan. The written notice provided to an employee must  
15      include an explanation that his or her option for  
16      continuation coverage will expire within the 30 day period  
17      following the later of (i) the date of such termination of  
18      employment or reduction in hours below the minimum required  
19      by the group plan, or (ii) the date the employee is given  
20      written notice of the right of continuation by either the  
21      employer or group policyholder. Written notice of  
22      continuation presented to the employee or member by the  
23      policyholder, or mailed by the policyholder to the last  
24      known address of the employee, shall constitute the giving  
25      of notice for the purpose of this provision.  
26      Any employer who fails to provide the notice required in

1 this subsection 4. is guilty of a petty offense and shall be  
2 fined \$500.

3           5. An employee or member electing continuation must pay  
4 to the group policyholder or his employer, on a monthly  
5 basis in advance, the total amount of premium required by  
6 the insurer, including that portion of the premium  
7 contributed by the policyholder or employer, if any, but  
8 not more than the group rate for the insurance being  
9 continued with appropriate reduction in premium for any  
10 supplementary benefits which have been discontinued under  
11 paragraph (3) of this Section. The premium rate required by  
12 the insurer shall be the applicable premium required on the  
13 due date of each payment.

14           6. Continuation of insurance under the group policy for  
15 any person shall terminate when he becomes eligible for  
16 Medicare or is covered by any other insured or uninsured  
17 plan which provides hospital, surgical or medical coverage  
18 for individuals in a group and under which the person was  
19 not covered immediately prior to such termination or  
20 reduction in hours below the minimum required by the group  
21 plan as provided in condition 2 above or, if earlier, at  
22 the first to occur of the following:

23           (a) The date 12 ~~9~~ months after the date the  
24 employee's or member's insurance under the policy  
25 would otherwise have terminated because of termination  
26 of employment or membership or reduction in hours below

1 the minimum required by the group plan.

2 (b) If the employee or member fails to make timely  
3 payment of a required contribution, the end of the  
4 period for which contributions were made.

5 (c) The date on which the group policy is  
6 terminated or, in the case of an employee, the date his  
7 employer terminates participation under the group  
8 policy. However, if this (c) applies and the coverage  
9 ceasing by reason of such termination is replaced by  
10 similar coverage under another group policy, the  
11 following shall apply:

12 (i) The employee or member shall have the right  
13 to become covered under that other group policy,  
14 for the balance of the period that he would have  
15 remained covered under the prior group policy in  
16 accordance with condition 6 had a termination  
17 described in this (c) not occurred.

18 (ii) The prior group policy shall continue to  
19 provide benefits to the extent of its accrued  
20 liabilities and extensions of benefits as if the  
21 replacement had not occurred.

22 7. A notification of the continuation privilege shall  
23 be included in each certificate of coverage.

24 8. Continuation shall not be available for any employee  
25 who was discharged because of the commission of a felony in  
26 connection with his work, or because of theft in connection

1 with his work, for which the employer was in no way  
2 responsible; provided the employee admitted his commission  
3 of the felony or theft or such act has resulted in a  
4 conviction or order of supervision by a court of competent  
5 jurisdiction.

6 The requirements of this amendatory Act of 1983 shall apply  
7 to any group policy as defined in this Section, delivered or  
8 issued for delivery on or after 180 days following the  
9 effective date of this amendatory Act of 1983.

10 The requirements of this amendatory Act of 1985 shall apply  
11 to any group policy as defined in this Section, delivered,  
12 issued for delivery, renewed or amended on or after 180 days  
13 following the effective date of this amendatory Act of 1985.

14 (Source: P.A. 93-477, eff. 1-1-04.)

15 Section 99. Effective date. This Act takes effect upon  
16 becoming law.